

The Impact and response to the funding levels of public services that interact with young adults

House of Lords

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KEY MESSAGES

- Many of the services that impact young adults are delivered by local government. The challenges facing them span a range of areas, including, poverty, housing, skills and employment, access to training and careers advice, access to mental and physical health and wellbeing services, and exposure to violence, crime and exploitation.
- Across housing, skills and employment the Local Government Association (LGA) has launched several recent calls for greater freedom and flexibility from the Government to deliver increased support to young adults.
- The LGA's report, '*Understanding Local Housing Markets*', shows that home ownership remains difficult for most young adults and calls for the Government to use the Spending Review to devolve the Right to Buy scheme.
- Our *Work Local* campaign outlines the urgent need for a new devolved and integrated approach to careers, training, employment and skills provision. This would allow councils to lead the service and tailor interventions to specific labour and skills gaps.
- Social care is another vital service in its own right which helps people of all ages, including young disabled adults. The sector is at breaking point and our Social Care Green Paper, '*The lives we want to lead*' sets out key findings, implications and recommendations, including on how to fund social care.
- As local authority budgets have reduced and demand for services has increased, councils have had to make difficult decisions about how to use increasingly limited resources. Local government has lost 60p out of every £1 of funding for services, and councils face an £8 billion funding gap by 2025.
- The Government must use the Queen's Speech, Spending Review and other opportunities to deliver powers, certainty and sustainable funding for local government. The LGA's *Councils Can* campaign sets out our positive agenda for a new localism settlement that will help ensure councils can continue to support young adults.¹

BACKGROUND INFORMATION

Many of the services that impact young adults are delivered by local government. The challenges facing them span a range of issues, including, poverty, housing, skills and employment, access to training and careers advice, access to mental and physical health and wellbeing services, and exposure to violence, crime and exploitation.

It is vital that the Government uses the Spending Review to deliver truly sustainable funding for local government. Investing in local services is good for the nation's prosperity and overall wellbeing. The LGA's *Councils Can* campaign highlights the growing risk to vital local services if the Government does not invest in councils at the Spending Review.ⁱⁱ

Housing challenges

The LGA's report, '*Understanding Local Housing Markets*', shows that home ownership remains difficult for most young people, with the high cost of the private rental sector meaning many are unable to save for a deposit to get on to the property ladder. These young adults face the prospect of renting into retirement.

Figures show that:

- On average households in England are now spending 33 per cent of their income on private rent, compared with home owners spending 17 per cent of their income on mortgage repayments. In many London boroughs average rents are over 50 per cent of household earnings.
- The average deposit in England is 72 per cent of an individual's gross salary, rising to 137 per cent in London and dropping to 56.7 per cent in the North West.
- 11 per cent of people born in 1996 own their home today, compared with 21 per cent of those born in 1976 who owned their own home by the time they were 22.

The current one-size-fits-all approach to national housing policy is failing to meet the complex and multiple housing challenges faced in different areas. Homes for affordable and social rent are desperately needed across the country. Councils must be able to ensure a mix of homes – to rent and buy - which are affordable for those people that need them and that are crucial for enabling people to save money towards a deposit.

There has been recent positive progress, with the Government scrapping the borrowing cap but now the LGA is calling on the Government to use the Spending Review to devolve the Right to Buy scheme. This will let councils set discounts locally and retain 100 per cent of their receipts to invest in more homes. In turn, this support allow young adults the opportunity to save for a deposit needed to buy a new home.

Work Local

Work Local outlines the urgent need for a new devolved and integrated approach to careers, training, employment and skills provision. This would allow councils to lead the service and tailor interventions to specific labour and skills gaps.

For young people, the current system is fragmented and uncoordinated with a range of providers and initiatives delivered in any one local area including schools, colleges, councils, careers professionals, National Careers Service, Careers and Enterprise Company, and Jobcentre Plus. The National Careers Service is also critical for adults who want (or need) to progress or retrain, though awareness is low and access limited. The current system needs improvement, more coherence and should be 'locally rooted' to maximise connections. The need for 'independence' is critical, and it has to be properly resourced.

National reforms and initiatives (apprenticeships, technical levels, skills advisory panels, the national retraining scheme, local industrial strategies and the UK Shared Prosperity Fund) will seek to address these challenges. While they are all positive and important in their own right, without sufficient join up or focus around 'place', they risk being stand-alone and less effective. There needs to be a better way of coordinating policy and provision, both nationally and locally.

While several organisations play a role in supporting young people's learning, no one is responsible for coordinating this. Councils and combined authorities can play a vital coordination role. This could also support employers offering work placements or apprenticeships, and colleges and other providers delivering the training component. There is strong appetite to collaborate to develop a post-16 local offer, and we want to explore this with the Government.

Work Local is the LGA's positive proposal for change. Led by combined authorities and groups of councils, local areas should have the powers and funding to plan, commission and oversee a joined-up skills and employment service.

This requires the various parts of Whitehall to coordinate activity, and would be achieved through the establishment of Local Labour Market Agreements (LLMAs) which would be negotiated between local areas and national Government. Across a medium sized combined authority, Work Local could each year result in 8,500 people off out of work benefits, a fiscal boost of £280 million, and contribute £420 million to the economy.

Social Care

Adult social care and support is a vital service in its own right. It helps people of all ages to live the life they want to lead, including young disabled adults. It binds our communities, helps sustain the NHS and provides essential economic value to our country.

After years of underfunding the adult social care and support sector is at breaking point. Escalating demand across the country represents a funding challenge for councils and has been partly driven by rising complexity of need, including for young people with complex needs surviving into adulthood, as well as the wholesale rationing of care services. This rationing has been achieved via an increase in the eligibility threshold which has negatively impacted prevention services.

Whilst we welcome recent cash injections for social care, the Government needs to find a long-term funding solution for adult social care and support. It is vital that the Government uses the Spending Review and its forthcoming green paper to deliver sustainable funding for social care for the long-term.

In the absence of the Government's green paper, the LGA produced its own. *'The lives we want to lead'*. This set out key findings, implications and recommendations, including on how to fund social care.

Funding for children's services and youth services

It is also important to consider the impact of cuts to youth services, which support the transition to adulthood and potentially reduce later demand on services. As local authority budgets have reduced and demand for services has increased, councils have had to make difficult decisions about how to use increasingly limited resources.

In many areas, services for young people are increasingly targeted at those in most need to try to ensure that they receive the support they need to flourish. While this targeting is essential to make the best use of resources and make sure those in most need are supported, this has left limited funding available for universal youth services.

More than 600 youth centres have closed, and nearly 139,000 youth services places were lost, in the UK between 2012 and 2016ⁱⁱⁱ. Councils were forced to cut spending on local youth services by 52 per cent, from £652 million in 2010/11 to £352 million in 2017/18, as a result of government funding cuts.

Scaling back these universal services can mean that opportunities to support some young people are missed. Providers of services for young people have an important role to play in building trusted relationships which can enable young people to share concerns that they may feel unable to raise with their family or those perceived as authority figures such as teachers or social workers. They can then be directed to the right opportunities and support to help them make a positive transition to adulthood.

Knife Crime and Breaking the Cycle in Youth Violence

Another area which may impact on the transition for young adults are council services working towards tackling serious violent crime in our communities.

In March 2019, the LGA published *Breaking the Cycle in Youth Violence*, which highlights case studies from councils across the country. Whilst progress has been made nationally and locally, there is still more to be done. A recent report by the All Party Parliamentary Group (APPG) on Knife Crime and Youth Services suggested a growing link between cuts to youth services and the country's knife crime epidemic.

Councils must be given the resources they need to work with young people and prevent their involvement in crime in the first place, rather than simply picking up the pieces after offences have been committed.

Additional Government funding

The Government must use the Queen's Speech, Spending Review and other opportunities to deliver the powers, certainty and sustainable funding for local government. The LGA's *Councils Can* campaign sets out our positive agenda for a new localism settlement that will help ensure councils can continue to support young adults.

Key elements of the settlement should include:

- **An English Devolution Bill:** To be announced in the first Queens Speech. This should present options for devolved powers to be at least the level of the Scottish Government and be underpinned by statute to ensure that these powers and the powers already devolved through existing deals cannot simply be rolled back by a change in Government policy.
- **A Local Government Finance Bill:** Granting full local control over council tax, local powers to set levels of discounts and powers over banding, and 100 per cent business rates retention amongst other powers.
- **A sustainable funding settlement** in the Spending Review: This should address current funding gaps and provide clarity on place-led domestic successors to current EU structural funding.

ⁱ <https://www.local.gov.uk/spending-review-2019>

ⁱⁱ <https://www.local.gov.uk/spending-review-2019>

ⁱⁱⁱ <https://www.unison.org.uk/content/uploads/2016/08/23996.pdf>